



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS AIR FORCE MATERIEL COMMAND  
WRIGHT-PATTERSON AIR FORCE BASE OHIO

JUN 11 2004

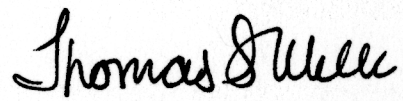
MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFMC/PK  
4375 Chidlaw Road, Room S208  
Wright-Patterson AFB OH 45433-5006

SUBJECT: Cost Information and Commercial Price Analysis

1. A misconception persists that requesting cost information from contractors when purchasing commercial items or services is not permitted. While FAR 15.403-4(a) makes it clear that obtaining other than cost or pricing data from contractors and using cost analysis is the least preferred of the various price analysis methods, it is still available as a tool. Further, FAR 15.403-4(a) states, "If the contracting officer cannot determine whether an offered price is fair and reasonable, even after obtaining additional information from sources other than the offeror, then the contracting officer must require the offeror to submit information other than cost or pricing data to support further analysis". The intent is clear that contracting officers are to use the variety of price analysis tools listed in FAR 15.404-1(b) including competition, price history, parametric analysis, catalog and market analysis and comparison to the independent Government estimate first. However, when those methods are not adequate to determine a reasonable price, obtaining additional data from the offeror, which may include cost information, is required. Analyzing the data will require effectively using the Defense Contract Audit Agency, technical advisors and others who can provide expertise. In summary, asking the contractor for unneeded data is not permitted, while requiring the data necessary to determine a price fair and reasonable is a contracting officer duty.
2. The misconception that cost information may not be required from offerors persists not only with contracting officers but also some contractors. Contractors have a responsibility to support their proposal and the reasonableness of their offered prices. If offerors refuse to provide information needed by contracting officers to determine reasonable prices, the issue should be elevated to appropriate management levels. Contracting officers are not authorized to award contracts at prices that can not be determined fair and reasonable.
3. The information in this letter is not a change in policy and has been included in training and guidance, including the AFMC Commercial Acquisition Guide for quite some time. However, a recent Air Force Audit Agency report indicates that we need to reemphasize the importance of getting enough data to determine a fair and reasonable price.

4. If you have any questions, please call my action officer, Mr. Virgil Hertling, HQ AFMC/PKPC, DSN 986-0446, or e-mail to [virgil.hertling@wpafb.af.mil](mailto:virgil.hertling@wpafb.af.mil).

A handwritten signature in black ink that reads "Thomas S. Wells". The signature is written in a cursive, flowing style.

THOMAS S. WELLS, SES  
Director of Contracting

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